

## FISCAL NOTE

### HB 3295 - SB 3311

February 20, 2004

**SUMMARY OF BILL:** Requires Blue Cross Blue Shield to allow insured members to use *any willing provider* for services as long as the provider agrees to accept contract terms.

#### ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - Exceeds \$10,000,000**

**Increase Local Govt. Expenditures - Exceeds \$5,000,000\***

**Other Fiscal Impact - Increase Federal Expenditures - Exceeds \$20,000,000**

Estimate assumes:

- the provisions of the bill will result in an estimated increase in capitation rates paid in the TennCare program, an increase in expenditures to the state employee health plan, and increased expenditures to local government health care plans.
- the bill applies only to Blue Cross Blue Shield. An incentive presently exists for health care providers to accept discounts in order to participate in large health insurance plans.
- even though contracts may not specifically guarantee a volume of patients, it is logical to conclude that such plans bring incentives to participate in the network or disincentives to utilize services outside the network.
- allowing an increased number of providers into a health insurance network reduces the likelihood that a provider will receive an increased amount of business and removes or reduces the incentive to provide discounts.
- allowing an increased number of providers into a plan will increase administrative costs to HMOs and health insurance plans.

#### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director